

City of Wyandotte

Department of Municipal Service

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MUNICIPAL ELECTRIC, POWER, WATER
AND CABLE TV
SERVICE SINCE 1894

May 2, 1997

The Honorable John D. Dingell, Ranking Member
Commerce Committee Democratic Office
564 Ford House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Dingell,

On April 10, 1997 you issued a letter to public power entities soliciting input regarding specific aspects of electric utility legislation currently under consideration. It was sent to the municipal utilities of San Antonio, Sacramento, Tacoma, Lincoln, Jacksonville, and a number of state cooperatives. Though Wyandotte was not included in the list, we do share the same concerns as these systems. Therefore, allow me to respond on behalf of Wyandotte's municipal electric system.

I. Concerns About Retail Competition

Wyandotte has built generation to serve all of its customers, including industrials. If the most desirable load is lost to outside providers, costs will shift to remaining customers, particularly residential. Wyandotte also faces operational inefficiencies and environmental compliance problems when operating at reduced loads.

II. Congressionally Mandated Retail Competition

We believe that state and local authorities should determine the proper course and timetable of this issue. One-size-fits-all federal mandates historically cause more problems than they solve.

III. Tax Advantages of Public Power

Municipal utilities are entitled to issue tax-exempt bonds because they are a service of the city government. Through streetlighting services provided in lieu of taxes, Wyandotte's Electric Department saves the City's General Fund approximately \$500,000 per year.

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IV. Stranded Investment

Wyandotte presently has over \$57,000,000 of electric revenue bonds outstanding. This investment was made in the full and reasonable expectation, clearly required by the bond ordinance, of being the sole supplier of electricity in the City. If the City could no longer honor that premise to bondholders, and a loss of revenues resulted, a bond default could follow.

Thank you for your interest in these matters. I hope you will support public power in the City of Wyandotte in pending legislative debate and voting.

Very truly yours,

City of Wyandotte
DEPARTMENT OF MUNICIPAL SERVICE



Thomas M. Daly
General Manager

TMD:kt

cc: Mayor Lawrence Stec
Wyandotte City Council
Wyandotte Municipal Service Commission